

CITY OF SALISBURY

NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2003

MAYOR, CITY COUNCIL, AND CITY OFFICIALS

MAYOR AND CITY COUNCIL

Susan W. Kluttz - Mayor

Paul B. Woodson, Jr. - Mayor Pro-tem

William R. Burgin

William R. Kennedy

Robert G. Martin

OFFICIALS

David W. Treme
City Manager

John A. Sofley, Jr.
Finance Director

Report Prepared By

City Finance Department

John A. Sofley, Jr. - Finance Director

S. Wade Furches - Accounting Manager

Teresa P. Harris – Budget and Performance Management Manager

Mark D. Drye - Productivity Analyst

Renee A. Pierson - Accountant

Melissa H. Drye - Finance Specialist

C. Michael Crowell - Technology Services Manager

Dewey D. Peck - Purchasing Agent

Clara A. Bost - Customer Service Supervisor



Introductory Section

C O N T E N T S

	Page
INTRODUCTORY SECTION	
Table of contents	1 - 3
Letter of transmittal	4 - 11
GFOA Certificate of Achievement	12
Organizational chart	13
List of principal officials	14
Facts and information about the City of Salisbury, North Carolina	15 - 17
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	21 - 32
MANAGEMENT’S DISCUSSION AND ANALYSIS	23 - 33
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
A-1 Statement of Net Assets	34
A-2 Statement of Activities	35
FUND FINANCIAL STATEMENTS	
A-3 Balance Sheet – Governmental Funds	36
A-4 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	37
A-5 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	38
A-6 Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual - General Fund	39
A-7 Statement of Fund Net Assets – Proprietary Funds	40
A-8 Statement of Revenues, Expenses, and Changes in Funds Net Assets – Proprietary Funds	41
A-9 Statement of Cash Flows – Proprietary Funds	42
A-10 Statement of Fiduciary Net Assets	43
A-11 Statement of Changes in Fiduciary Net Assets	44
Notes to financial statements	45 - 64
REQUIRED SUPPLEMENTAL FINANCIAL DATA	
A-12 Law Enforcement Officers’ Special Separation Allowance - Schedule of Funding Progress	67
A-13 Law Enforcement Officers’ Special Separation Allowance - Schedule of Employer Contributions	68
SUPPLEMENTARY FINANCIAL DATA	
Combining and individual Fund and account group financial statements and schedules	
General Fund:	
B-1 Schedule of Revenues and Expenditures, and Changes in Fund Balance – Budget and Actual	73 - 75

C O N T E N T S

Page

Non-Major Governmental Funds:

C-1	Combining Balance Sheet – All Non-Major Governmental Funds	79
C-2	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – All Non-Major Governmental Funds	80
C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Special Revenue Fund	81
C-4	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Projects Fund	82

Proprietary Fund Types:

D-1	Water and Sewer Fund – Schedule of Revenues and Expenses – Budget and Actual	85
D-2	Water and Sewer Capital Project Fund – Schedule of Revenues and Expenses – Budget and Actual	86
D-3	Transit Fund – Schedule of Revenues and Expenses – Budget and Actual	87

Internal Service Funds:

E-1	Combining Balance Sheet	91
E-2	Combining Statement of Revenues, Expenses, and Changes in Fund Balances	92

Capital Assets:

F-1	Schedule of Capital Assets by Function and Activity	95
F-2	Schedule of Changes in Capital Assets by Function and Activity	96

Other schedules:

G-1	Property Taxes Receivable	99
G-2	Analysis of Current Tax Levy	100
G-3	Schedule of Cash and Investment Balances	101
G-4	Schedule of Interfund Transfers	102

STATISTICAL SECTION

Table 1	General Governmental Expenditures by Function - Last Ten Fiscal Years	105
Table 2	General Governmental Revenues by Source - Last Ten Fiscal Years	106
Table 3	Tax Revenue by Source - Last Ten Fiscal Years	107
Table 4	Property Tax Levies, Tax Collections and Credits - Last Ten Fiscal Years	108
Table 5	Assessed Value of Taxable Property - Last Ten Fiscal Years	109
Table 6	Property Tax Levies and Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	110
Table 7	Computation of Direct and Overlapping Debt	111
Table 8	Computation of Legal Debt Margin	112
Table 9	Schedule of Principal Taxpayers	113
Table 10	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	114
Table 11	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	115
Table 12	Property Value, Construction, and Bank Deposits - Last Ten Fiscal Years	116
Table 13	Miscellaneous Statistics	117
Table 14	Demographic Statistics	118

CONTENTS

Page

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	121
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT	122 - 123
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT	124 - 125
Schedule of Expenditures of Federal and State Awards	126 - 127
Notes to Schedule of Expenditures of Federal and State Awards	128
Schedule of Compliance Findings and Questioned Costs	129
Schedule of Prior Audit Findings	130